



Title: I, Payroll/Personnel Manual

Chapter:

Bulletin: Title I, 09-28, Delivery of the 2009 Internal Revenue Service (IRS) Form W-2, Wage and Tax Statement

Date: December 7, 2009

To: Holders of the Payroll/Personnel Manual
Personnel User Groups
Personnel Officers
Agency Personnel Offices
Fiscal Offices

In January 2010, the 2009 Internal Revenue Service (IRS) Form W-2, Wage And Tax Statement, will be mailed to the employee's residence mailing address as recorded in the Payroll/Personnel System (PPS). The data on the W-2 includes salary payments for Pay Period 26, 2008 (or the pay period of implementation into the PPS), through Pay Period 25, 2009, inclusive. Employees who worked during this tax year for more than one organization serviced by the National Finance Center (NFC) will receive a W-2 containing the total wages paid by NFC for all organizations. The W-2 will be issued under the name of the current employing organization.

Note: Agencies are encouraged to remind their employees to verify that their residence addresses are correct and make any changes prior to the mailing of the W-2s. The address can be updated through the Self-Service Option of Employee Personal Page (EPP).

Attachment 1 to this bulletin contains a list of the boxes on the W-2 with the definition of each box. Attachment 2 provides a sample of the 2009 W-2 and the insert that will be included with the employee's W-2. The insert contains descriptions of certain boxes as required by IRS.

Employee Indebtedness

To comply with IRS regulations, employees who have not repaid an indebtedness (e.g., salary overpayment) incurred during Calendar Year 2009 will have the outstanding debt included as taxable wages on their W-2s. The outstanding debt is subject to Federal income tax. Any payments which were made toward a debt between December 9, 2009, and December 31, 2009, could result in a corrected W-2 being issued at a later date.

Electronically Delivered Version of the W-2

The IRS will allow employees the option to file their tax return with a printout of an electronically delivered version of their W-2 for Tax Year 2009. Employees who are

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established users of NFC's EPP can print this electronic version of the W-2 for Tax Year 2009 (via NFC's Web site at www.nfc.usda.gov) for submission with their tax return. The 2009 W-2s will be available on the EPP in January 2010.

Note: Employees who have not yet requested a password for accessing their EPP can find instructions on NFC's home page by clicking the **My EPP** icon on the Application Launchpad. Once an employee requests access to their EPP, W-2 history data is available on their EPP (Tax Years 1998 forward).

Turbo Tax

In addition to printing their W-2 from the EPP, employees will also be able to import their 2009 W-2 information into Turbo Tax. NFC has worked with the software provider to make their product interoperable with the EPP. Changes to the software are expected to be in place by the end of January 2010.

Reporting Center

W-2 data will be available on the Reporting Center through the Financial Reports Menu in January 2010.

Maintaining W-2 Data

Although W-2 history data for Tax Years 1998 forward is available to the employee on their EPP and for agencies via the Reporting Center, only 2 years of W-2 data is available in the W-2 Online Processing System. The W-2 data for Tax Year 2007 will be moved to history in November 2009 and will no longer be available to be viewed by agencies. In mid-January 2010, agencies will be able to view W-2 data for Tax Years 2008 and 2009.

Inquiries

If some employees do not receive W-2s when they are initially mailed, it may have been determined that these W-2s required adjustments (e.g., relocation travel payments). The appropriate adjustments will be completed by January 31, 2010, and the W-2s will be sent to the employees at that time. Initial inquiries should be made through the employee's EPP. After February 3, 2010, authorized agency personnel may submit inquiries on Form AD-354, Request For Information, (preferably by direct entry into the Document Tracking System) to make inquiries for employees who have not received W-2s.



for

JOHN S. WHITE, Acting Director
Government Employees Services Division

Attachments

Description of the 2009 Form W-2, Wage and Tax Statement

The 2009 Form W-2 is printed as a single sheet that can be separated at the perforation to facilitate the filing of Federal, state, and local tax returns. Below is a list that corresponds to the boxes on the W-2 with a description of each box.

Note: The box numbers on the W-2 are not in sequential order. The items described below correspond to the boxes on the W-2.

	Employer's Name, Address, And Zip Code	The employer's address: Organization Name c/o USDA, National Finance Center P.O. Box 60,000 New Orleans, LA 70160
	Employee's Name, Address, And Zip Code	The employee's name and residence address.
	Employer's ID	The employer's Identification Number 72-0564834.
	Employee's SSN	The employee's 9-digit social security number.
Box 1.	Wages, Tips, Other Compensation	The amount of wages, tips, and other compensation. Travel advance is not included in this box. The amount shown should be entered on the appropriate line of the employee's Federal tax return.
Box 2.	Federal Income Tax Withheld	The amount of Federal income tax withheld. The amount shown should be entered on the appropriate line of the employee's Federal tax return.
Box 3.	Social Security Wages	The wage amount subject to social security tax.
Box 4.	Social Security Tax Withheld	The amount of social security tax withheld.
Box 5.	Medicare Wages and Tips	The wage and tips amount subject to Medicare tax.
Box 6.	Medicare Tax Withheld	The amount of Medicare tax withheld.

Box 8.	Allocated Tips	The amount of tips allocated to the employee by the employing organization
Box 9.	Advance EIC Payment	The amount of Earned Income Credit (EIC) payments made to the employee.
Box 10.	Dependent Care Benefits	The amount of Flexfund dependent care expense deductions.
Box 12.		
	C. Taxable Life Insurance	The amount of taxable group-term life insurance.
	D. 401K TSP	The amount of Thrift Savings Plan (TSP) deductions, Federal, and non-Federal TSP catch-up deductions.
	E. 403B TIAA	The amount of elective deferrals under a section 403(b) salary reduction agreement.
	P. Moving Allowance NT	The 2009 moving allowance amount not taxed.
	W. HSA	Employer contributions to your Health Savings Account. Report on Form 8889, Health Savings Account (HSAs). Also, amounts the employee elected to contribute to an HSA, using a section 125 (cafeteria plan), are reported here.
	401K Roth	Designed Roth contributions under a section 401(k) plan.
	401K Catchup	Designed Roth contributions under a section 403(b) plan.
Box 13.	Statutory Employee, Retirement Plan, Third Party Sick Pay	Listed below are descriptions for each checkbox:

		<p>Statutory Employee. This checkbox identifies statutory employees whose earnings are subject to social security and Medicare taxes but not subject to Federal income tax withholding. For more information on statutory employees, see IRS Publication 15–A.</p> <p>Retirement Plan. This checkbox identifies employees who were active participants (for any part of the year) in certain retirement plans. For more information on retirement plans, see IRS Notice 87–16, 1987–1 C.B. 446, IRS Notice 98–49, 1998–2 C.B. 365, section 219 (g)(5), and IRS Publication 590.</p> <p>Third Party Sick Pay. This checkbox identifies third party sick pay employees. For more information on third party sick pay, see IRS Publication 15–A.</p>
Box 14.	No longer shows an alpha associated with the title	
	Moving Allowance Taxed	The 2009 moving allowance amount that was taxed.
	NT Health Benefits	The amount of nontaxable and/or amount of Flexfund health care expense deductions.
	COLA	The amount of cost-of-living allowance (COLA).
	Parking FSA	A flexible spending account for eligible employees with qualifying parking expenses to set aside a pre-determined amount on each pay period on a pre-taxed basis.
Box 15.	State/Employer’s State ID#	The taxing state name and ID number.
Box 16.	State Wages, Tips, Etc.	The amount of wages from which state taxes have been withheld.
Box 17.	State Income Tax	The amount of state income tax withheld.

Box 18.	Local Wages, Tips, Etc.	Reserved for future use.
Box 19.	Local Income Tax	The amount of city and/or county tax(es) withheld.
Box 20.	Locality Name/Locality ID#	The taxing city and/or county name and ID number(s).

Sample of the 2009 W-2

EMPLOYER'S NAME, ADDRESS, AND ZIP CODE				EMPLOYEE'S NAME, ADDRESS, AND ZIP CODE			
				1 Wages, tips, other compensation \$		2 Federal income tax withheld \$	
				3 Social security wages \$		4 Social security tax withheld \$	
				5 Medicare wages and tips \$		6 Medicare tax withheld \$	
EMPLOYER'S ID 72-0564834				EMPLOYEE'S SSN			
8 Allocated tips \$		9 Advance EIC payment \$		10 Dependent care benefits \$		12	
13 <input type="checkbox"/> Statutory Employee		<input type="checkbox"/> Retirement Plan		<input type="checkbox"/> Third Party Sick Pay		14	
15 State/Employer's State ID#		16 State wages, tips, etc. \$		17 State income tax \$		18 Local wages, tips, etc. \$	
						19 Local income tax \$	
						20 Locality name/Locality ID#	
Department of the Treasury-Internal Revenue Service FORM W-2 Wage and Tax Statement 2008				Copy B - To be filed with employee's FEDERAL tax return			
				OMB No. 1545-0008			

EMPLOYER'S NAME, ADDRESS, AND ZIP CODE				EMPLOYEE'S NAME, ADDRESS, AND ZIP CODE			
				1 Wages, tips, other compensation \$		2 Federal income tax withheld \$	
				3 Social security wages \$		4 Social security tax withheld \$	
				5 Medicare wages and tips \$		6 Medicare tax withheld \$	
EMPLOYER'S ID 72-0564834				EMPLOYEE'S SSN			
8 Allocated tips \$		9 Advance EIC payment \$		10 Dependent care benefits \$		12	
13 <input type="checkbox"/> Statutory Employee		<input type="checkbox"/> Retirement Plan		<input type="checkbox"/> Third Party Sick Pay		14	
15 State/Employer's State ID#		16 State wages, tips, etc. \$		17 State income tax \$		18 Local wages, tips, etc. \$	
						19 Local income tax \$	
						20 Locality name/Locality ID#	
Department of the Treasury-Internal Revenue Service FORM W-2 Wage and Tax Statement 2008				Copy C - For employee's records See insert for important information			
				OMB No. 1545-0008			

EMPLOYER'S NAME, ADDRESS, AND ZIP CODE				EMPLOYEE'S NAME, ADDRESS, AND ZIP CODE			
				1 Wages, tips, other compensation \$		2 Federal income tax withheld \$	
				3 Social security wages \$		4 Social security tax withheld \$	
				5 Medicare wages and tips \$		6 Medicare tax withheld \$	
EMPLOYER'S ID 72-0564834				EMPLOYEE'S SSN			
8 Allocated tips \$		9 Advance EIC payment \$		10 Dependent care benefits \$		12	
13 <input type="checkbox"/> Statutory Employee		<input type="checkbox"/> Retirement Plan		<input type="checkbox"/> Third Party Sick Pay		14	
15 State/Employer's State ID#		16 State wages, tips, etc. \$		17 State income tax \$		18 Local wages, tips, etc. \$	
						19 Local income tax \$	
						20 Locality name/Locality ID#	
Department of the Treasury-Internal Revenue Service FORM W-2 Wage and Tax Statement 2008				Copy 2 - To be filed with employee's state or local tax return			
				OMB No. 1545-0008			

EMPLOYER'S NAME, ADDRESS, AND ZIP CODE				EMPLOYEE'S NAME, ADDRESS, AND ZIP CODE			
				1 Wages, tips, other compensation \$		2 Federal income tax withheld \$	
				3 Social security wages \$		4 Social security tax withheld \$	
				5 Medicare wages and tips \$		6 Medicare tax withheld \$	
EMPLOYER'S ID 72-0564834				EMPLOYEE'S SSN			
8 Allocated tips \$		9 Advance EIC payment \$		10 Dependent care benefits \$		12	
13 <input type="checkbox"/> Statutory Employee		<input type="checkbox"/> Retirement Plan		<input type="checkbox"/> Third Party Sick Pay		14	
15 State/Employer's State ID#		16 State wages, tips, etc. \$		17 State income tax \$		18 Local wages, tips, etc. \$	
						19 Local income tax \$	
						20 Locality name/Locality ID#	
Department of the Treasury-Internal Revenue Service FORM W-2 Wage and Tax Statement				Copy B - To be filed with employee's state or local tax return			
				OMB No. 1545-0008			

NOTICE TO EMPLOYEE

Refund. Even if you do not have to file a tax return, you should file to get a refund if box 2 shows federal income tax withheld or if you can take the earned income credit.

Earned income credit (EIC). You must file a tax return if any amount is shown in box 9.

You may be able to take the EIC for 2009 if: (a) you do not have a qualifying child and you earned less than \$13,440 (\$16,560 if married filing jointly), (b) you have one qualifying child and you earned less than \$35,463 (\$38,583 if married filing jointly), or (c) you have more than one qualifying child and you earned less than \$40,295 (\$43,415 if married filing jointly). You and any qualifying children must have valid social security numbers (SSNs). You cannot take the EIC if your investment income is more than \$3,100. **Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.** If you have at least one qualifying child, you may get as much as \$1,826 of the EIC in advance by completing Form W-5, Earned Income Credit Advance Payment Certificate, and giving it to your employer.

Corrections. If your name, SSN, or address is incorrect, correct Copies B, C, and 2 and ask your employer to correct your employment record. Be sure to ask the employer to file Form W-2c, Corrected Wage and Tax Statement, with the Social Security Administration (SSA) to correct any name, SSN, or money amount error reported to the SSA on Form W-2. If your name and SSN are correct but are not the same as shown on your social security card, you should ask for a new card at any SSA office or call 1-800-772-1213.

Credit for excess taxes. If you had more than one employer in 2009 and more than \$6,621.60 in social security and/or Tier I railroad retirement (RRTA) taxes were withheld, you may be able to claim a credit for the excess against your federal income tax. If you had more than one railroad employer and more than \$3,088.80 in Tier II RRTA tax was withheld, you also may be able to claim a credit. See your Form 1040 or 1040A instructions and Publication 505, Tax Withholding and Estimated Tax.

Instructions

- Box 1.** Enter this amount on the wages line of your tax return.
- Box 2.** Enter this amount on the federal income tax withheld line of your tax return.
- Box 8.** This amount is **not** included in boxes 1, 3, 5 or 7. For information on how to report tips on your tax return, see your Form 1040 instructions.
- Box 9.** Enter this amount on the advance earned income credit payments line of your Form 1040 or Form 1040A.
- Box 10.** This amount is the total dependent care benefits that your employer paid to you or incurred on your behalf (including

amounts from a section 125 (cafeteria) plan). Any amount over \$5,000 also is included in box 1. You **must** complete Schedule 2 (Form 1040A) or Form 2441, Child and Dependent Care Expenses, to compute any taxable and nontaxable amounts.

Box 12.

The following list explains the codes shown in box 12. You may need this information to complete your tax return. Elective deferrals (codes D, E, F, and S) and designated Roth contributions (codes AA and BB) under all plans are generally limited to a total of \$16,500 (\$11,500 if you only have SIMPLE plans; \$19,500 for section 403(b) plans if you qualify for the 15-year rule explained in Pub. 571). Deferrals under code G are limited to \$16,500. Deferrals under code H are limited to \$7,000.

However, if you were at least age 50 in 2009, your employer may have allowed an additional deferral of up to \$5,500 (\$2,500 for section 401(k)(11) and 408(p) SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals. For code G, the limit on elective deferrals may be higher for the last three years before you reach retirement age. Contact your plan administrator for more information. Amounts in excess of the overall elective deferral limit must be included in income. See the "Wages, Salaries, Tips, etc." line instructions for Form 1040.

Note. If a year follows code D through H, S, Y, AA, or BB, you made a make-up pension contribution for a prior year(s) when you were in military service. To figure whether you made excess deferrals, consider these amounts for the year shown, not the current year. If no year is shown, the contributions are for the current year.

Box 12 C.

Taxable cost of group-term life insurance over \$50,000 (included in boxes 1, 3 (up to social security wage base), and 5).

Box 12 D.

Elective deferrals to a section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

Box 12 E.

Elective deferrals under a section 403(b) salary reduction agreement.

Box 12 P. Excludable moving expense reimbursements paid directly to employee (not included in boxes 1, 3, or 5).

Box 12 W. Employer contributions to your Health Savings Account. Report on Form 8889, Health Savings Accounts (HSAs). Show any employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria plan) to an HSA.

Box 13. If the "Retirement plan" box is checked, special limits may apply to the amount

of traditional IRA contributions that you may deduct.

Note: Keep **Copy C** of Form W-2 for at least 3 years after the due date for filing your income tax return. However, to help **protect your social security benefits**, keep Copy C until you begin receiving social security benefits, just in case there is a question about your work record and/or earnings in a particular year. Compare the Social Security wages and the Medicare wages to the information shown on your annual (for workers over 25) Social Security Statement.